NEWS

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LEVEL 3 AGREES TO ADOPT RIGOROUS NEW CALL COMPLETION STANDARDS AND PROVIDE RURAL CALL COMPLETION DATA, RESOLVING FCC INVESTIGATION

Level 3 Will Make a Nearly $1 Million Voluntary Contribution As Part of First Settlement of a Rural Call Completion Investigation

Washington, DC – Level 3 Communications, LLC, resolving an investigation into the company's rural call completion practices, has agreed to meet rigorous, verifiable call completion standards and to provide extensive records that will assist FCC enforcement of rules protecting against failed calls to rural areas. Level 3 will also make a $975,000 voluntary contribution to the U.S. Treasury, and has agreed to make additional $1 million voluntary contributions going forward if it misses specified quarterly benchmarks.

FCC Chairman Julius Genachowski said, "When calls to Americans in rural communities aren't reliably completed, the consequences are both life-threatening and damaging economically. As today's action shows, resolving this complex problem is a major priority for the FCC. We will follow the facts and data, and we will hold responsible parties accountable."

Enforcement Bureau Chief Michele Ellison said, "Basic long distance phone calls are failing in many areas of rural America at alarming rates. This is unacceptable. Rural residents and businesses should be able to receive a work-related or emergency call with the same reliability and call quality as others do."

Ms. Ellison added, "Through this settlement, Level 3 has committed to tackle this issue head-on, agreeing to adopt tough, new call completion benchmarks, to back these standards with significant noncompliance penalties, and to disclose critical data that will assist the Bureau in other ongoing investigations. We are aggressively pursuing this problem wherever it leads, and there will be significant consequences for those companies that are not fulfilling their obligations to rural America."

In its consent decree with the Enforcement Bureau, Level 3 has agreed to:

- Complete long-distance calls to incumbent local exchange carriers in rural areas at a rate within 5% of that in non-rural areas over a two-year period.
- Report compliance with the 5% benchmark every quarter, beginning in January 2014.
- Pay an additional $1 million voluntary contribution if it misses the 5% benchmark in any quarter.

- Develop scorecards for intermediate providers that Level 3 uses to route calls, assessing their performance in the areas of post-dial delay in connecting calls, network failure, and call completion rates.
- Identify problematic routes to intermediate providers monthly.
- Cease using poorly performing intermediate providers.
- Assist the Enforcement Bureau in other investigations by providing data concerning the performance of intermediate providers.

In general, rural call completion failures appear to be caused primarily by long-distance carriers or intermediate providers attempting to reduce the intercarrier compensation paid to local telephone companies for completing long-distance calls to a rural home or business. To minimize these charges, providers often use third-party "least-cost routers," which attempt to connect calls at the lowest possible cost.

The FCC has been working on many fronts to address this complex and technical problem. In February 2012, the Wireline Competition Bureau laid the foundation for today's settlement by clarifying that a long distance provider violates the Communications Act if it knows or should know that it is providing degraded service to certain areas and fails to correct the problem. Last month, the Commission proposed industry-wide data collection and reporting rules to enable the FCC to better monitor the performance of long-distance carriers in rural areas. These new reporting requirements, coupled with access to Level 3's data, should strengthen the Bureau's enforcement capabilities. Over the long-term, the FCC's November 2011 *Universal Service/Intercarrier Compensation Transformation Order* is phasing out intercarrier fees, which will dramatically reduce financial incentives that appear to be driving call completion failures.

"This settlement reflects hard work and tenacity by the staff and meaningful cooperation by Level 3," said Ms. Ellison. The FCC continues to work closely with all stakeholders to resolve the problem as investigations continue.

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